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Arizona Corporation Commission

DOCKETED

APR 15 2011

DOCKETED BY

Commissioner Paul Newman
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: APS 2011 REST Implementation Plan
Docket Nos. E-01345A-10-0166 and E-01345A-10-0262

Dear Commissioner Newman:

In your letter dated March 16, 2011, you expressed a need for greater transparency in the administration of the Distributed Energy ("DE") incentive programs in Arizona Public Service Company's ("APS" or "Company") Renewable Energy Standard ("RES") program. You also asked the Company to respond to questions raised regarding the 2011 RES implementation of the DE incentive program. This letter is APS's written response to your letter.

APS agrees that transparent administration of its customer programs, including the Company's currently approved DE customer incentive program, is paramount to the continued success of APS customers' installation of renewable energy systems. In its recently filed 2010 RES Compliance Report¹, the Company stated, "[d]ue to the significant increase in customer demand for APS's renewable energy incentives in 2009, the Company realized the need for greater transparency for both installers and customers." APS is continuously making improvements to information and the sources that it uses to communicate information about incentives, program enhancements, and educational resources, based largely on feedback from industry stakeholders. The Company uses a wide variety of methods to communicate detailed information to all program stakeholders and participants, including the following:

- **ArizonaGoesSolar²:** A website facilitated by APS that provides the public with detailed information on the availability of incentives in APS's DE incentive program, information on customer program applications and reservations, and many detailed specifics on solar systems installed throughout APS's territory;
- **aps.com website:** The Company's website provides a wide range of information, such as program reports, incentive budgets, incentive levels and forecast declines, weekly reports updating key aspects of the program, history on non-residential nomination periods, customer testimonial videos, an enhanced Solar Calculator (See Attachment 1) showing customer specific savings and environmental

¹ Filed April 1, 2011.

² www.arizonagoessolar.org

benefits of installing rooftop solar, and many more tools for customers and installers participating in the Company's DE incentive programs.

- **Renewable Program Management ("RPM"):** APS's online transaction management platform facilitates a streamlined electronic process that allows real-time reservation notification, provides access to automated customer/provider communications, allows automated payment processing, and provides discrete project tracking for residential customers. In addition, RPM provides customers access to their online account to track the status of their application. The functionality of this online system has also been extended to residential installers and developers, who now have the ability to track all of their jobs online and to electronically submit interconnection applications and other documents directly to APS.
- **Stakeholder update meetings and briefings:** APS regularly conducts meetings with stakeholders and developers to inform them of program modifications, answer questions, and solicit feedback on opportunities for continued enhancements. Additionally, APS regularly participates in industry forums or meetings to share similar information.
- **Direct phone or email access:** APS staff identifies themselves at stakeholder forums and though all customer communication inviting direct contact via phone or email regarding any stakeholder questions or issues.

The Company uses its ongoing dialogue with stakeholders as an opportunity to identify areas of program, reporting and communication improvement. For example, recent input from installers active in the Company's residential incentive program identified several opportunities for improved communication with APS customers regarding incentive applications. The Company recognized the value of the suggested improvements and implemented those changes expeditiously. As a result, amendments were incorporated into customer communications and were reflected on APS's websites, now allowing customers to better understand when their incentive Application would receive a Reservation.

Against this background, the Company will now address the specific questions raised in your March 16, 2011 letter.

1. **How long does it take to post an application and the incentive level to the queue; and what is a goal APS can achieve and will commit to?**

APS has established protocols for both its Residential and Non-Residential incentive programs based on the unique characteristics of each program as described in the following sections:

Residential Program

Currently, all residential applications for up-front incentives (“UFIs”) are posted through APS’s interactive RPM website and updated for both the customer and the Company’s administration and budget in real-time. Customers receive a follow-up written confirmation reiterating the application details within approximately ten days of that posting. APS’s program reporting is updated at the end of each week on aps.com through its Residential Grid-Tied Funding Status report. Within a week after submitting an application, customers and installers can access this report to verify their funding period and Reservation confirmation date. *See Attachment 2.* In addition, this information is reported on the ArizonaGoesSolar.org website and is updated bi-weekly.³ *See Attachment 3.* Further, once recorded in RPM, the customer’s chosen installer can monitor the status of the Application and any programmatic expectations and needs through this online system.

Non-Residential Program

APS allocates production based incentive (“PBI”) funds to non-residential customers through a competitive bid process. The Company posts the lowest project ranking score and the funding available for each project size segment on the aps.com website within two weeks after the close of a nomination period. *See Attachment 4.* In addition, APS posts this information on the ArizonaGoesSolar.org website. *See Attachment 5.* Due to the competitive nature of this program, the Company does not post the detailed information regarding each application on its websites. In the two weeks between the time APS reserves a non-residential project to the time the Company posts the lowest project ranking score, APS reviews each application received and verifies that the customer has an agreement with their installer, as required by the Arizona Corporation Commission (“Commission”).⁴

APS believes the timeframes described above are highly accelerated and that the Company has consistently provided this information within the defined timeframes for each of the programs.

2. How does APS think we should address the “phantom project” problem on the non-residential side? How does APS plan to report “phantom project” metrics to the Commission and how often?

Many industry stakeholders use the term “phantom projects” to imply that certain customers may not be committed to building a project or that some developers may lack the capability to finish a project for which the customer has received a reservation. While APS agrees that from time to time customers may advance through the reservation process and later find that they are, for any number of reasons, unable to proceed to final installation, the Company firmly believes this is a normal part of program administration and serves as the exception, not the norm. Further, based on the Company’s enforcement of project development milestones and the associated requirements placed on customers and developers, APS believes the current program structure minimizes the presence of

³ Decision No. 71459 required APS, as well as other participating utilities, to make available information related to the utility’s incentive programs twice a month on the ArizonaGoesSolar.org website.

⁴ Decision No. 72022 (December 10, 2010).

projects unable to proceed to completion within the afforded timeframes. Importantly, the current program administration process minimizes the time any such projects would hold active Reservations preventing other customers from accessing incentive funds.

Beginning in 2010, APS saw strong increases in demand for non-residential incentive funding. During 2009, several installers relaxed their participation awaiting the conclusion of the adjudication regarding the Commission's jurisdictional authority over Power Purchase Agreements ("PPAs") also referred to as Solar Service Agreements ("SSAs")) between developers and not-for-profit customers. Following that conclusion, simultaneous with a decline in solar system costs, the demand for non-residential incentive funding increased significantly. As a result of the increased demand on program funding, APS believed it was critical to increase the rigorous timeframes and milestone enforcement to ensure that participants installed their systems as defined in the Company's Distributed Energy Administration Plan ("DEAP"). Consistent with the DEAP, APS requires participants to submit information when they achieve certain milestones, as detailed in the Customer Participation Agreement ("CPA"). This process ensures that (1) participants adhere to the timeline defined in the CPA and (2) project delivery conforms to the programmatic timeframes. Under the program, the systems receiving a PBI incentive must be commissioned 365 days from the reservation confirmation date. Many non-residential customer projects require this full timeframe to design, permit, procure, install, and interconnect their DE system.

Summary of Non-Residential Project Development Milestones

To begin the process under both the UFI and PBI program, a customer must submit a signed installation contract with their application indicating their commitment to move forward with the project and the initial financial and system design steps have been completed.

The PBI program is comprised of 45, 90, 120, 180 and 270 day milestones. A description of each milestone is described below:

1. 45 day milestone
 - o Participant submits a fully executed CPA to APS
2. 90 day milestone
 - o Participant submits a completed Interconnection Application to APS for review and approval
3. 120 day milestone
 - o Participant must have an approved Interconnection Application from APS
 - o APS requests that the participant show substantial progress on the installation of the system and an estimated construction/completion date. At this time, APS may request invoices for purchases of equipment or construction activity.
4. 180 day milestone
 - o Final engineering of the system should be completed so that any required final adjustments to the expected output of the system can be made. These adjustments mark the final form of the CPA.

5. 270 day milestone
 - o APS reviews for substantial installation progress, construction activity, and/or substantial expenditures on the project.

Failure to meet any of the above milestones is grounds for cancellation of a customer's reservation.⁵

APS's management of its incentive programs through the use of milestones not only facilitates customer administration efforts but also ensures that projects are moving forward. The milestones and processes described above have been designed to ensure that all projects in the queue are meeting the required development expectations.

Further, the Company will from time to time cancel PBI reservations and return these funds to the program in the subsequent nomination periods. This information is reported on the Company's website as it becomes available. This ensures that incentive funds remain available to customers for the installation of DE systems.

3. How many non-residential incentive UFI and PBI projects have secured incentive reservations compared to the number actually completed?

APS reports the number of non-residential incentive UFI and PBI projects that secured incentive reservations compared to the number completed on the ArizonaGoesSolar website as well as the Company's annual RES Compliance Report. As of the end of the first quarter of 2011, the Company funded 293 non-residential UFI projects (installed and operating), with an additional 138 Reserved and under development. In addition, the Company funded 70 non-residential PBI projects (installed and operating), with an additional 102 currently Reserved and under development.

As of April 11, 2011, APS's non-residential program had the following number of customer Reserved projects in various stages of development:

| | 45 Days | 60 - 119 Days | 120 - 179 Days | 180+ Days | TOTAL |
|-----------------------|---------|---------------|----------------|-----------|-------|
| Reserved UFI Projects | 22 | 26 | 48 | 21 | 117 |

| | 45 Days | 60 - 119 Days | 120 - 179 Days | 180 - 269 Days | 270+ Days | TOTAL |
|-----------------------|---------|---------------|----------------|----------------|-----------|-------|
| Reserved PBI Projects | 63 | 4 | 17 | 50 | 55* | 189 |

* Of these 55 reservations, 47 have received extensions upon showing significant progress on the project, including equipment procurement, installation progress and progress towards final interconnection.

⁵ The Company notes that DE development is new to many customers and advancement of a project within the required milestones is often challenging, whether for design, finance or procurement reasons. As a result, the Company has granted limited extensions to customers who were legitimately capable of completing a project within a reasonable time. At present, APS will only consider granting an extension to projects demonstrating these types of circumstance, which are to be evaluated on a project-by-project basis.

Of the total 189 reserved PBI projects, 141 projects were reserved after the Commission's Decision regarding jurisdictional authority over PPAs and SSAs.⁶ Of these 141 projects, 6 systems have been installed to date and the remaining 135 reservations are on target and fall within the defined milestones.

4. Please respond to the ARRA issue above re: potential "double-funding."

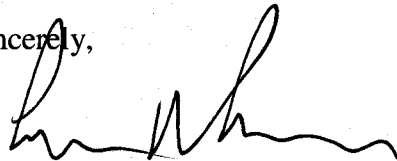
APS does not believe that a customer receiving American Recovery and Reinvestment Act ("ARRA") funds in addition to APS incentives is "double-funding." Customers have many state and federal rebates, bonding options, loans and incentives that are available to them to help make their solar installations more affordable. The Company's non-residential incentive program is designed to incentivize customers up to fifty percent of the total cost of their system. Customers may choose to apply for additional rebates or incentives to help cover the cost of the remaining fifty percent of the total system cost.

5. How can APS report in a timely manner, the type, size and configuration of reserved projects?

As described above, the Company already reports the type, size and configuration of reserved projects in a timely manner. Through the ArizonaGoesSolar website, APS reports on a bi-weekly basis the status of the applications (1- Applied, 2- Reserved, 3- Installed), technology type, system size, annual production or generation, system cost, incentive amount offered, zip code, application date, reservation date, install date and the name of the installer. (See Attachment 6). In addition to the information presented on the ArizonaGoesSolar website, APS reports similar information on its aps.com website. APS updates reports on a weekly, monthly, quarterly and annual basis.

In conclusion, APS provides multiple opportunities for program participants and stakeholders to access renewable energy program and budget status information and remains committed to improving, as appropriate, any of the tools used to share information about the Company's incentive programs. We hope this letter responds to your inquiries.

Sincerely,



Eran Mahrer

Enclosures

cc: Chairman Gary Pierce
Commissioner Bob Stump
Commissioner Sandra D. Kennedy
Commissioner Brenda Burns
Ernest G. Johnson
Janice Alward
Steve Olea

⁶ Decision No. 71795 (July 12, 2010).

Copy of the foregoing mailed/delivered this 15th day of April, 2011, to:

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Scottsdale, AZ 85250

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ATTACHMENTS

Attachment 1

APS Solar Calculator (aps.com)

<http://www.aps.com/main/services/nexus/SCdefault.html>

Attachment 2

Renewable Program Management

Residential Weekly Program Overview (aps.com)

<http://www.aps.com/main/green/choice/solar/funding.html>

Attachment 3

Residential Weekly Report – Grid-Tied PV (ArizonaGoesSolar.org)

<http://arizonagoessolar.org/UtilityIncentives/ArizonaPublicService.aspx>

Residential Weekly Report – Off Grid-Tied PV and Other Technologies (ArizonaGoesSolar.org)

<http://arizonagoessolar.org/UtilityIncentives/ArizonaPublicService.aspx>

Attachment 4

Non-Residential Report (aps.com)

<http://www.aps.com/main/green/choice/solar/ranking.html>

Attachment 5

Non-Residential Report (ArizonaGoesSolar.org)

<http://arizonagoessolar.org/UtilityIncentives/ArizonaPublicService.aspx>

Attachment 6

Project Queue (ArizonaGoesSolar.org)

<http://arizonagoessolar.org/UtilityIncentives/ArizonaPublicService.aspx>

APS Home Page (ArizonaGoesSolar.org)

<http://arizonagoessolar.org/UtilityIncentives/ArizonaPublicService.aspx>

Note that the attachments included are updated on either a weekly, bi-weekly or monthly basis. This information is subject to change

ATTACHMENT 1

APS Solar Calculator

Our easy-to-use calculator can help you select the right-sized solar system, estimate your energy output, system cost and the benefits to you and to the environment.

You will also be able to compare a proposal from an installer with a typical solar installation.¹

Get started by answering these [simple questions](#).

1. What is your zip code?

85260

2. What is the square footage of your home?

2200

sq. ft.

[Next](#)



APS rebates, along with the federal and state tax credits, make using clean solar energy to power your home easy and more affordable. Plus, you'll help make Arizona a better place for generations to come. [Learn more.](#)

A customer can go to [aps.com](#) and click on the Solar Calculator link on the home page. They can input their zip code and square footage or, if they are an APS customer, they can log into their account to access exact usage.

¹Assumptions based on home size and locations are used to estimate system costs and APS incentive offerings. Actual system costs and

Based on what we know about your home, you should begin by considering these system options.¹

[Save](#) | [Print](#)

Solar Size Information

50% of your power
(6.4 kW)

75% of your power
(9.6 kW)

100% of your power
(12.8 kW)



Annual production (estimated)

10,254 kWh
Enough to supply 50%
of your annual usage

15,380 kWh
Enough to supply 75%
of your annual usage

20,507 kWh
Enough to supply 100%
of your annual usage

System cost (estimated)

\$31,680

\$47,520

\$59,840

Incentives

APS Rebates (estimated)

-\$9,280

-\$13,920

-\$18,560

Federal Tax Credit (estimated)

-\$9,500

-\$14,260

-\$17,950

State Tax Credit (estimated)

-\$1,000

-\$1,000

-\$1,000

Total incentives (estimated)

-\$19,780

-\$29,180

-\$37,510

Net cost (estimated)

\$11,900

\$18,340

\$22,330

Annual savings (estimated)

\$1,320

\$1,780

\$2,050

Payback period (estimated)

9.0 yrs

10.3 yrs

10.9 yrs

Select

a system size for a better estimate or to compare with an installer estimate.

Select 6.4 kW

Select 9.6 kW

Select 12.8 kW


This screen displays various system sizes available based on information regarding the customer's property.

A list of possible incentives is provided to help the customer estimate their annual savings.

ATTACHMENT 2

Renewable Program Management

After a customer completes the online application using the Renewable Portfolio ("RPM") tool, both the customer and the installer can log into their individual aps.com account and see the date the application was submitted, as well as other pertinent details. By knowing the date the application was submitted, the customer and the installer can then use the funding chart on aps.com (<http://www.aps.com/main/green/choice/solar/funding.html>) to determine exactly when the application will be confirmed (funded).



aps.com Technical Support
(602) 371-5775 (metro-Phoenix)
(800) 659-2975 (other areas)
[Navigation help and demos](#)

My Projects | My Profile

Submit Interconnection Application | Submit Certification | Project Status | Search Applications | Find My Reservation | Help

Submit Interconnection | Submit Certification | View Application History | Upload Documents | Print

Reservation Application

Submitted

Interconnection

Not Submitted

Clearance

Not Received

Compliance Check

Not Ready

Certifications

Not Received

Payment (payee)

Not Ready

Reservation

Type: PV Grid Tied
Status: Submitted
Application ID: 12345
Date: 3/19/2011

Customer

Customer Name: John Doe
Address: 1234 Main St
Phone: 555-555-5555
Email: john.doe@example.com

Equipments

Inverter

Attribute Details

| Manufacturer | Model | Number Of Inverters | Watts |
|--------------|----------|---------------------|---------|
| SUNNY BOY | SB7000US | 1 | 7000.00 |

Total AC KW: 7.00

Photovoltaic

Attribute Details

| Manufacturer | Model | Tilt Angle | Number Of Modules | Derate Percentage | Shade Factor | Azimuth | Watts |
|---------------|-------------|------------|-------------------|-------------------|--------------|---------|--------|
| KYOCERA SOLAR | KD235GX-LPB | 15 | 42 | 100.00 | 0.00 | 120 | 235.00 |

Total DC Watts: 9870.00

Incentive

Amount: \$1000.00
Payee: John Doe

Documents List

Documents are not yet submitted.

Username

Frequently Used Links

Logout

Additional Links

My Messages

Contact Us

Site Map | Contact Us | Privacy Policy | Terms of Use

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Step 1: A customer submits an application through RPM. This application was submitted on 3/19/11.

ATTACHMENT 2

Residential Weekly Program Overview



APS GREEN CHOICE
A Better Tomorrow Starts Today

[MY ACCOUNT](#)
[APS SERVICES](#)
[MY COMMUNITY](#)

[ABOUT APS](#)
[MANAGE ACCOUNT](#)
[EMPLOYMENT](#)
[NEWSROOM](#)
[CONTACT US](#)
[WEB SURVEY](#)
[SITE MAP](#)
[MAKE ONLINE PAYMENT](#)
[LOGIN](#)

Solar & Renewable Options
[APPLY NOW](#)
[HOW TO APPLY](#)
[SOLAR CALCULATOR](#)
[FIND AN INSTALLER](#)

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Residential Solar Incentives - Available Funding

Renewable Energy Standard (RES) as approved by the Arizona Corporation Commission. Incentives from this program are designed to help our customers take advantage of the renewable energy resources available in our state. Doing so will help decrease air pollution, reduce energy costs for participating customers and help build a more sustainable future for all Arizonans.

The goal of the RES is for 15 percent of our retail energy sales to come from renewable energy resources by the year 2025. For 2011, 3.0 percent of the energy we provide must be derived from renewable energy resources. Of that percentage, 25 percent must come from Distributed Energy - resources that are installed on the customer's premises and are used to offset customer load, such as rooftop solar panels.

Reservation applications are logged in the order in which they are received. Applications will be confirmed ("Reserved") progressively in each funding quarter until funding is exhausted for that quarter. If not funded in one quarter applications will carry forward to the next funding quarter in the order received.

Residential Weekly Program Report

Grid-Tied Photovoltaics ("PV")

APS is currently accepting applications for Grid-Tied PV that will be funded from the 2011 incentive budget. APS's 2011 Residential Grid-Tied PV incentive budget has been equally divided into the four quarters of 2011. Once APS has reserved all funding for a given quarter, applications will be held (in the order in which they were received) and will be reserved in the next quarter in which funding is available. [Current incentive offerings](#)

As seen on the charts below, APS is currently accepting applications for Grid-Tied PV for funding in the fourth quarter of 2011. APS will confirm these reservations after October 1, 2011.

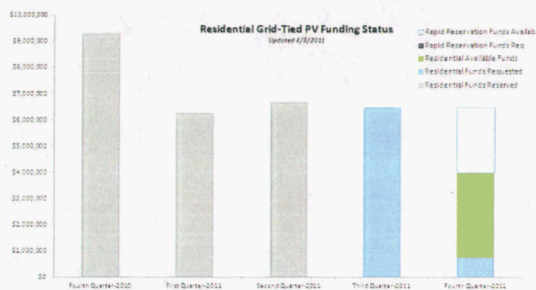
The APS incentive program includes planned reductions in the incentive level, based on program participation levels.

| Incentive Reduction | Effective Date |
|----------------------------|--------------------|
| \$1.95/watt to \$1.75/watt | September 21, 2010 |
| \$1.75/watt to \$1.60/watt | January 17, 2011 |
| \$1.60/watt to \$1.45/watt | March 26, 2011 |

On April 1, 2011, APS launched its Rapid Reservation Program. This Program allows residential customers who are willing to accept a reduced incentive of \$1.00 per watt for residential grid-tied PV to be eligible for funding once they meet all incentive program requirements. [Learn more.](#)

Incentive and funding levels are subject to change based on Arizona Corporation Commission Order.

Prior to payment of residential renewable energy incentives, customers must submit a W-9 form to APS. APS does not require a W-9 if customers are leasing the system and will not own the system at the end of their lease. Additional information on submitting the W-9 will be provided when customers receive their reservation confirmation. [W-9 forms are available online](#) at the IRS website.



| 2011 Program Budget | | | | | | |
|---|--------------------|---|------------------|---|--|--------------|
| | 4th Quarter 2010 | 1st Quarter 2011 | 2nd Quarter 2011 | 3rd Quarter 2011 | 4th Quarter 2011 | Totals |
| Opening Date | October 2, 2010 | January 1, 2011 | April 1, 2011 | July 1, 2011 | October 1, 2011 | |
| Incentive Level | \$1.95/watt | Step 1 - \$1.75/watt Up to 50% of budget committed | | Step 2 - \$1.60/watt Up to 75% of budget committed | Step 3 - \$1.45/watt Up to 100% of budget committed | |
| Budget | \$9,325,000 | \$6,264,434 | \$6,686,309 | \$6,475,372 | \$3,975,372 | \$34,726,486 |
| Number of Applications (reserved/received*) | 596 | 484 | 480 | 522 | 67 | 1559/589 |
| Resulting Capacity | 4.8 MW | 3.9 MW | 3.7 MW | 4.1 MW | 0.5 MW | 17 MW |
| Cumulative Funds Requested | \$9,325,000 | \$6,850,000 | \$13,140,000 | \$19,630,000 | \$20,386,000 | \$28,955,000 |
| Estimated Number of Applications Available | 0 | 0 | 0 | 0 | 297 | 297 |
| Remaining Budget Before Next Step-Down | \$0 | \$0 | \$0 | \$0 | \$3,015,486 | \$3,015,486 |
| Application Date of Last Reservation Funded | September 19, 2010 | November 15, 2010 | January 31, 2011 | March 30, 2011 | | |
| Rapid Reservation Budget | | | | | \$2,500,000 | \$2,500,000 |
| Rapid Reservation Requests | | | 0 | | | 0 |
| Rapid Reservation Funds Requested | | | \$0 | | | \$0 |
| Rapid Reservation Capacity | | | 0 | | | 0 |
| Rapid Reservation Budget Remaining | | | | | | \$2,500,000 |

*Italicized numbers reflect applications received that are in queue waiting to be reserved

Step 2: Customer checks aps.com to see when they will receive their incentive. Since this application was submitted on 3/19/11, it will be funded in the 3rd quarter of 2011 at \$1.60/watt.

ATTACHMENT 3

ArizonaGoesSolar.org Residential Weekly Report – Grid-Tied PV

Residential Incentives **Non-Residential Incentives** **Installations** **Reports**

Residential Weekly Program Report

APS is currently accepting applications for Grid-Tied PV. APS's 2011 Residential Grid-Tied PV incentive budget has been equally divided into the four quarters of 2011. Once APS has reserved all funding for a given quarter, applications will be held (in the order in which they were received) and will be reserved in the next quarter in which funding is available. **Current incentive offerings**

As seen on the charts below, APS is currently accepting applications for Grid-Tied PV for funding in the fourth quarter of 2011. APS will confirm these reservations after October 1, 2011.

The APS incentive program includes planned reductions in the incentive level, based on program participation levels.

| Incentive Reduction (Grid Tied Photovoltaic) | |
|--|--------------------|
| \$1.95/watt to \$1.75/watt | September 21, 2010 |
| \$1.75/watt to \$1.60/watt | January 17, 2011 |
| \$1.60/watt to \$1.45/watt | March 26, 2011 |

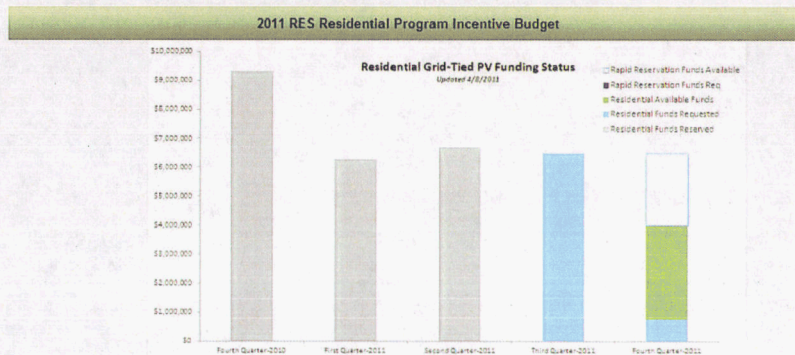
APS incentive and funding levels are subject to change based on Arizona Corporation Commission Order.

Prior to payment of residential renewable energy incentives, customers must submit a W-9 form to APS. APS does not require a W-9 if customers are leasing the system and will not own the system at the end of their lease. Additional information on submitting the W-9 will be provided when customers receive their reservation confirmation. **W-9 forms are available online** at the IRS website.

As of March 26, 2011, APS's residential UFI stepped down to \$1.45/watt. If a customer submits an application after this date, it will be funded at \$1.45/watt until the fourth quarter funds are exhausted.

ATTACHMENT 3

ArizonaGoesSolar.org Residential Weekly Report – Grid-Tied PV



APS is currently accepting applications for all other renewable technologies, including Solar Water Heating, Solar Space Heating, Off-grid PV, Wind, and Geothermal. This budget has also been equally divided into four quarters. Once APS has reserved all funding for a given quarter, applications will be held (in the order in which they were received) and will be reserved in the next quarter in which funding is available. **Current incentive offerings**

Incentive and funding levels are subject to change based on Arizona Corporation Commission Order.

We are accepting applications and confirming funding for reservations for Solar Water Heating, Solar Space Heating, Off-grid PV, Wind, and Geothermal for funding in the second quarter of 2011. APS will not pay customer incentives for these reservations until after April 1, 2011. See chart below for details on available funding.

| Grid Tied Solar Electric (Photovoltaic) | | | | | | |
|--|---|---|--------------------------------------|--|---|--------------|
| Opening Date | 4th Quarter 2010 October 2, 2010 | 1st Quarter 2011 January 1, 2011 | 2nd Quarter 2011 April 1, 2011 | 3rd Quarter 2011 July 1, 2011 | 4th Quarter 2011 October 1, 2011 | Totals |
| Incentive Level | \$1.95/watt | Step 1 \$1.75/watt Up to 50% of budget committed | | Step 2 \$1.60/watt Up to 75% of budget committed | Step 3 \$1.45/watt Up to 100% of budget committed | |
| Budget | \$9,325,000 | \$6,264,434 | \$6,868,309 | \$6,475,372 | \$6,975,372 | \$34,726,486 |
| Number of Applications (reserved/received*) | 596 | 484 | 480 | 522 | 67 | 1559/589 |
| Resulting Capacity | 4.8 MW | 3.9 MW | 3.7 MW | 4.1 MW | 0.5 MW | 17 MW |
| Cumulative Funds Requested | \$9,325,000 | \$6,850,000 | \$13,140,000 | \$19,630,000 | \$20,386,000 | \$28,955,000 |
| Estimated Number of Applications Available | 0 | 0 | 0 | 0 | 297 | 297 |
| Remaining Budget Before Next Step-down | \$0 | \$0 | \$0 | \$0 | \$3,015,486 | \$3,015,486 |
| Application Date of Last Reservation Funded | September 19, 2010 | November 16, 2010 | January 31, 2011 | March 30, 2011 | | |
| Rapid Reservation Budget | | | | | \$2,500,000 | \$2,500,000 |
| Rapid Reservation Requests | | | 0 | | | 0 |
| Rapid Reservation Funds Requested | | | \$0 | | | \$0 |
| Rapid Reservation Capacity | | | 0 | | | 0 |
| Rapid Reservation Budget Remaining | | | | | | \$2,500,000 |

*Italicized numbers reflect applications received that are in queue waiting to be reserved.

Currently, the residential incentive for grid-tied PV is \$1.45/watt. There are 67 applications in the queue and approximately 297 applications available in the 4th quarter. The remaining budget is \$3,015,486.

APS's Rapid Reservation budget is currently \$2,500,000 and has no reserved capacity.

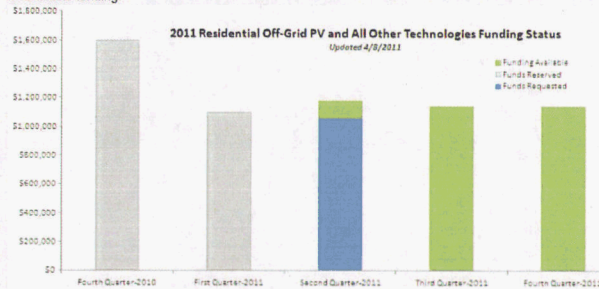
ATTACHMENT 3

ArizonaGoesSolar.org Residential Weekly Report – Off Grid PV And Other Technologies

APS is currently accepting applications for all other renewable technologies, including Solar Water Heating, Solar Space Heating, Off-grid PV, Wind, and Geothermal. This budget has also been equally divided into four quarters. Once APS has reserved all funding for a given quarter, applications will be held (in the order in which they were received) and will be reserved in the next quarter in which funding is available. **Current incentive offerings**

Incentive and funding levels are subject to change based on Arizona Corporation Commission Order.

We are accepting applications and confirming funding for reservations for Solar Water Heating, Solar Space Heating, Off-grid PV, Wind, and Geothermal for funding in the second quarter of 2011. APS will not pay customer incentives for these reservations until after April 1, 2011. See chart below for details on available funding.



| Solar Water Heating, Off Grid Photovoltaic and All Other Technologies | | | | | | |
|---|-------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|-------------------------------------|-------------|
| Opening Date | 4th Quarter 2010 October 2, 2010 | 1st Quarter 2011 January 1, 2011 | 2nd Quarter 2011 April 1, 2011 | 3rd Quarter 2011 July 1, 2011 | 4th Quarter 2011 October 1, 2011 | Totals |
| Incentive Level | Current Incentive | Current Incentive | Current Incentive | Current Incentive | Current Incentive | |
| Budget | \$1,600,000 | \$1,100,000 | \$1,180,000 | \$1,140,000 | \$1,140,000 | \$6,160,000 |
| Number of Applications (Received/Reserved) | 438 | 280 | 300 | - | - | 1033/0 |
| Funds Requested | \$1,600,000 | \$1,100,000 | \$1,057,314 | - | - | \$3,757,314 |
| Remaining Budget Available | \$0 | \$0 | \$122,686 | \$1,140,000 | \$1,140,000 | \$2,402,686 |
| Date of Last Reservation Funded | | February 14, 2011 | | | | |

APS currently has \$122,686 of incentive funding remaining in the 2nd Quarter.

Funding for the 2nd quarter closed on February 14, 2011. Any application received after this date will be funded in the 3rd quarter until funds are exhausted.

aps.com
Non-Residential Report



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Current non-residential ranking scores

The non-residential incentives are awarded on a competitive basis using a ranking score*. The non-residential ranking scores for the Small and Medium categories funding period ending February 28, 2011 are:

Incentive Type

Small Category (Up Front Incentive)
Medium Category (Production Based Incentive)

Score

465
1260

The non-residential ranking score* for the Large category funding period ending August 31, 2010 is:

Incentive Type

Large Category (Production Based Incentive)

Score

1003

*These scores reflect the score of the last project that was funded for this nomination period.

These scores reflect the score of the last project that was funded for the last nomination period for each project category. The lowest score from the nomination period is posted.

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ATTACHMENT 5

ArizonaGoesSolar.org Non-Residential Report

Residential Incentives
Non-Residential Incentives
Installations
Reports

Non-Residential Solar Incentive Program Information

APS has \$102 million available to fund non-residential projects. The specific funding levels and timing of the nomination periods are outlined below by project type.

| Segment | Budget | Incentive Type | Nomination Period Application Deadlines | Funding Available |
|--|-------------------------------------|----------------------------|--|-------------------|
| Large Projects (projects over 200 kWac) | \$55 million of lifetime commitment | Production based incentive | Nomination Periods 3/1 & 9/1 | \$55,000,000 |
| Medium Projects (projects up to 200 kWac for pv and for solar thermal projects with lifetime payments up to \$2.5 million) | \$18 million of lifetime commitment | Production based incentive | Bi-monthly Nomination Periods: 1/1 – 2/28, 3/1- 4/30, 5/1 – 6/30, 7/1 – 8/31, 9/1 – 10/31, 11/1 – 12/31 | \$18,000,000 |
| Small Projects (projects 30 kWdc or less) | \$2 million | Up-front incentive | Bi-monthly Nomination Periods: 1/1 – 2/28, 3/1- 4/30, 5/1 – 6/30, 7/1 – 8/31, 9/1 – 10/31, 11/1 – 12/31 | \$2,000,000 |
| Schools and Governmental | \$27 million of lifetime commitment | Production based incentive | Differs based on technology type | \$27,000,000 |

This column reports on the funding available for each project category as of the close of the last nomination period.

These are the date ranges for each nomination period within a project category. These dates show when a nomination period opens and closes.

ATTACHMENT 6

ArizonaGoesSolar.org Project Queue

Residential Incentives

Non-Residential Incentives

Installations

Reports

Residential and Non-Residential APS Installations

Search Zip:

GO

Sort

Zip Code

Reverse

Sort

| Details | Status | Technology | Incentive Program | System Size (kW) | Power Generation (kWh) | System Cost | Incentive Offered | Zip Code |
|---------|---------------|---------------------------|-------------------|------------------|------------------------|-------------|-------------------|----------|
| [+] | 1 - Applied | PV - Solar Panels | PBI Commercial | | | TBD | \$7,198 | |
| [+] | 3 - Installed | SWH - Solar Water Heaters | UFI Residential | | 2,756 | \$7,375 | \$1,378 | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 8.10 | 13,696 | TBD | \$15,766 | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 1 - Applied | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 4.10 | 7,013 | TBD | \$8,073 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |

Page 1 of 775

1

2

3

4

5

Next

Last

This is a snapshot of the queue on the ArizonaGoesSolar website. The queue consists of applied, reserved and installed records.

Residential Incentives

Non-Residential Incentives

Installations

Reports

Residential and Non-Residential APS Installations

Search Zip:

GO

Sort

Zip Code

Reverse

Sort

| Details | Status | Technology | Incentive Program | System Size (kW) | Power Generation (kWh) | System Cost | Incentive Offered | Zip Code |
|---|---------------|---------------------------|-------------------|------------------|------------------------|-------------|-------------------|----------|
| [+] | 2 - Reserved | PV - Solar Panels | UFI Commercial | 2.10 | 3,150 | TBD | \$2,825 | |
| Application Date: 02/09/2011 Reservation Date: 03/11/2011 Install Date: Installer: EV Solar Products | | | | | | | | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 8.10 | 13,696 | TBD | \$15,766 | |
| Application Date: 06/04/2010 Reservation Date: 10/07/2010 Install Date: Installer: Solarworks | | | | | | | | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |
| Application Date: 05/26/2010 Reservation Date: 07/06/2010 Install Date: Installer: Arizona Solar Concepts Lic | | | | | | | | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 2 - Reserved | SWH - Solar Water Heaters | UFI Residential | | 2,796 | TBD | \$1,398 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 1 - Applied | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 4.10 | 7,013 | TBD | \$8,073 | |
| [+] | 2 - Reserved | PV - Solar Panels | UFI Residential | 2.80 | 4,675 | TBD | \$5,382 | |
| [+] | 3 - Installed | PV - Solar Panels | PBI Commercial | 110.00 | 164,970 | \$700,000 | \$16,632 | 85374 |
| Application Date: 10/29/2010 Reservation Date: 11/17/2010 Install Date: 03/17/2011 Installer: Wilson Electric Services Corp | | | | | | | | |

This PBI system has been installed. This customer submitted their application on 10/29/10, was reserved on 11/17/10 and installed on 3/17/11.

ATTACHMENT 6

ArizonaGoesSolar.org
APS Home Page

ArizonaGoesSolar.org

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Arizona Public Service (APS)


APS offers a variety of incentives that are designed to help our customers take advantage of the renewable energy resources available in our state. Doing so will help manage energy costs for participating customers, work to meet Arizona's energy needs with emission free renewable energy, and help build a more sustainable future for all Arizonans.

APS currently has more than 300 MW of solar, wind, biomass/biogas and geothermal generation installed – enough power to meet the energy needs of over 75,000 customers. This is the result of over 10,000 customer installations within the APS incentive programs. APS residential and non-residential customers have more than 2,200 active reservations, representing nearly 106 MW of additional generation that is currently under development.

For additional information on APS's renewable energy programs, visit [aps.com/gosolar](#) or call us at 602-328-1924 (Metro Phoenix) or 800-659-8148 (Outside Metro Phoenix) or [click here](#) to contact APS via email.

Visit the APS Solar Calculator to find the right solar electric system for your home.





Renewable Energy Portfolio (in MW)*

| | Reserved/ Installed | Total |
|-----------------|------------------------|-------|
| Residential | 11 / 38 | 49.0 |
| Non Residential | 80 / 37.7 | 117.7 |
| Utility | NA / 234 | 234 |

*The data provided in this chart represents all renewable technologies (solar, solar thermal, wind, biomass, biogas, and geothermal). Installed is defined as a commissioned operating system. Reserved is defined as having funds set aside but not yet commissioned or operating.

APS posts on the ArizonaGoesSolar website the total number of reserved and installed capacity for its residential and non-residential program as well as its utility scale systems.